

VZCZCXRO0751
PP RUEHCN RUEHDT RUEHHM
DE RUEHCHI #0149 2820357
ZNR UUUUU ZZH
P 080357Z OCT 08
FM AMCONSUL CHIANG MAI
TO RUEHC/SECSTATE WASHDC PRIORITY 0855
INFO RUCPDOG/USDOC WASHDC PRIORITY 0012
RUEHXS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS
RUEHCHI/AMCONSUL CHIANG MAI 0927

UNCLAS CHIANG MAI 000149

SIPDIS

E.O. 12958: N/A

TAGS: [ECON](#) [EINV](#) [ETRD](#) [TH](#)

SUBJECT: CONSULATE PROMOTES ENTREPRENEURSHIP IN NORTHERN THAILAND

Summary

¶1. Post promoted entrepreneurship and small and medium enterprise (SME) development in northern Thailand through a one-day seminar entitled "Encourage Entrepreneurship: Promoting SMEs in Northern Thailand." Business leaders, CG, and econoff addressed an audience of 80 students and faculty and 30 small business owners about the experiences of small business initiatives in the Chiang Mai area and in the United States, respectively. Business students who are considering opening new small businesses or working for start-up firms in northern Thailand had the opportunity to ask questions about SME management, marketing, and government policies that are favorable to SMEs.

¶2. Post partnered with the Faculty of Business Administration of Payap University to host this seminar on September 26. Speakers from the Chiang Mai Chamber of Commerce, Association for the Promotion of Thai SMEs (APTSME), and post addressed business students about the experience of Thai and American SMEs, the challenges entrepreneurs face, and the potential benefits of risk-taking. End summary.

Small Means Big for Northern Thailand

¶3. SME employment makes up 76 percent of jobs, 38 percent of GDP, and 29 percent of exports throughout Thailand, according to the Chiang Rai Chamber of Commerce President. He specified that within northern Thailand, agriculture, tourism, and agro-industry are the three pillars of the local economy and that SMEs are the building blocks of these major sectors. Econoff referenced the eJournal "Entrepreneurship and Small Business" and relayed to participants the significant role that SMEs play in the American economy as a comparison case study. All speakers agreed that small businesses are the cornerstone of the northern Thai economy.

Speakers Encourage Innovation, Risk-taking, and Creativity

¶4. Innovation was the ingredient for success for small businesses that failed or struggled after the 1997 Asian financial crisis, the APTSME President told participants. He also said that the high costs of wages, energy, and logistics are major challenges for small businesses whose smaller customer bases are sensitive to rising prices. He encouraged, however, that innovation in production methods and management is more easily implemented in small firms and can help save costs in other ways.

¶5. Local small business owners emphasized the importance of risk-taking in entrepreneurial endeavors. The Managing Director of a major local supermarket company said that family unity (or loyalty within small firms) is a key factor when the firm enters

a crisis. Loyal business partners can more easily agree to sell off assets, pay back debts, and use liquidity to sustain business operations. Econoff highlighted the flexibility American firms have under U.S. bankruptcy law and emphasized that government support of risk-taking can be a valuable asset for future entrepreneurs.

¶6. The Amcit Managing Director of a local leather product company bluntly told the audience that "Thai people lack creativity," a key characteristic of a successful small business seeking to flourish in niche markets. He emphasized that future entrepreneurs not only need to expand their creativity, but also understand how to match their unique products to the correct market. The Managing Director of a locally owned graphic design firm delivered a lecture on branding, underscoring how good marketing can not only expand sales but also increase the perceived value of the product.

Comment

¶7. The three pillars of the northern Thai economy - agriculture, tourism, and agro-industry - tend to limit the perceptions of northern Thais about business potential in this region. The entrepreneurship seminar allowed for local business leaders to explain to potential future SME owners and employees that innovation and creativity are key to private sector success. The narrowness of economic development in northern Thailand tends to contribute to a Bangkok-centric focus and to limit foreign investment opportunities in the region.

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